



DATE: May 28, 2020
SUBJECT: Premium Assistance Guidelines
TO: Members of the Board ^{DS} JS
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At the June Investment Committee meeting the Investment Office (IO) will recommend updated guidelines for the Internally Managed Premium Assistance Program Portfolio. The updates include various administrative updates, along with updates that were made as a result of discussions between the IO, Brian Carl and Peter Camacci. A summary of changes is as follows:

- Cash availability – changed from 72 hours to a minimum of 25% on a quarterly basis. This change is due to the stability of the cash reserves being invested, where quarterly adjustments are typically less than 5%
- Spread Risk – was reduced from 0.75 to 0.50 year in order to align with the Defined Benefit Plan's cash portfolio limitation
- Credit Risk – the requirement remains to be an investment grade portfolio, while reducing the determination of the securities credit rating to be the lowest of the three major credit rating agencies
- Concentration Risk – explicitly prohibited repurchase and reverse repurchase agreements
- Liquidity Risk – placed liquidity considerations in the Objectives section
- Derivatives, Mutual/Commingled and Unit Investment Trusts – explicitly stated that these are prohibited
- Breaches – added this section to assist in interpretation of potential compliance violation discussions
- Reporting – section streamlined

A blacklined excerpt and clean copy of the guideline has been included in the package for your review.

If you have any questions or comments, please contact me at 717-720-4632.